

Current Practices: Frequency



- Periodically
 - Annually if conduct in-house with formulaic multipliers: Americans for Arts: “Arts & Economic Prosperity III Calculator” (*some*)
 - Every year or every third year if in-depth analysis (*rare*)
- Occasionally
 - Hire outside consultants: Professional consulting groups and professors (*some*)
- Specifically, by exhibition
 - Surveys found trip expenditure amount and distribution by visitor type, overnight and day-trip (*some*)
 - Applied employee generation multiplier (*some*)
- By exhibition: Green Hill Center (Greensboro, NC) assessed impact of specific exhibitions, undergoing second exhibition specific impact study (utilizing professor from NC State). Indianapolis does too.

Results and Lessons Learned



Results

- Money talks, more success fundraising
- Excellent grant-writing content
- Case for public and private funding

Lessons Learned

- Start collecting all possible data as early as possible
- Think creatively and consider big picture
 - Economic impact, education impact, quality of life impact
- Utilize partnerships to help build data resources
- Limited staff resources are an obstacle

Utilize partnerships to help build data resources: Treehouse Museum (Ogden, Utah) gathers statistical information from the child-related entities that is partners with. For example, Weber State child psychology majors conduct studies and observations on improved educational behaviors of children who attend the museum. Treehouse Museum obtains copies of this. Also, Treehouse partners with two HeadStart programs that conduct studies and surveys on improved child behavior/education. Treehouse Museum obtains copies of this.

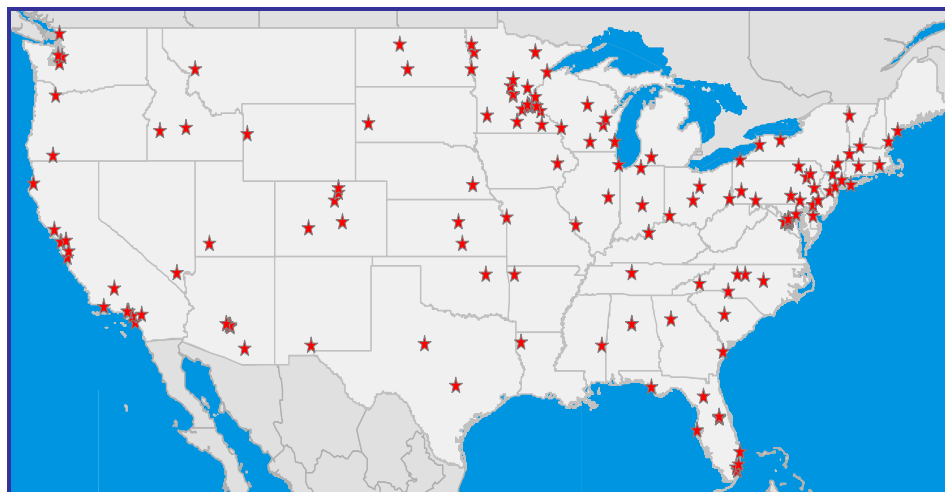
Americans for the Arts



Theresa Cameron

www.AmericansForTheArts.org

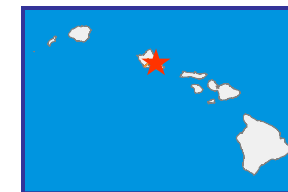
All 50 States + D.C.



Alaska



Hawaii



Arts & Economic Prosperity III includes study regions in all 50 state plus the District of Columbia.

Arts & Economic Prosperity is the most comprehensive study of its kind ever conducted.

Both national and local data,
156 study regions: 116 cities and counties, 35 multi-county regions, and 5 states,

The diverse communities range in population (4 thousand to 3 million) and type (rural to urban).

How a Dollar “Ripples” Through the Community



Conservative study. . . Only includes nonprofit arts and culture organizations. No for-profit org’s or individual artists.

Uses a sophisticated economic analysis called input/output analysis to measure economic impact. Input/output analysis is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes in economics. This form of economic analysis is well suited for this study because it can be customized specifically to each community.

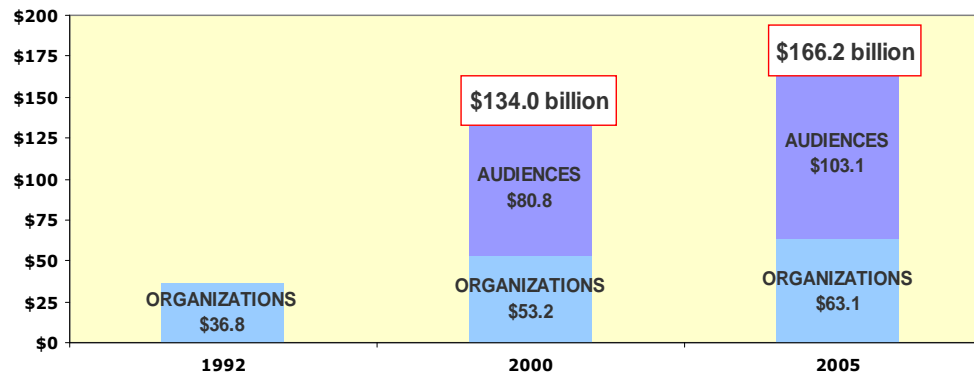
Input/output analysis enables economists to track how many times a dollar is “respent” (or ripples) in the community—and the economic impact generated by each round of spending. How can a dollar be respent? Consider the following example:

A theater company purchases a gallon of paint from the local hardware store for \$20, generating the direct economic impact of the expenditure. The hardware store then uses a portion of the aforementioned \$20 to pay the sales clerk’s salary; the sales clerk respends some of the money for groceries; the grocery store uses some of the money to pay its cashier; the cashier then spends some for the utility bill; and so on. The subsequent rounds of spending are the indirect economic impacts.

Thus, the initial expenditure by the theater company was followed by four additional rounds of spending (by the hardware store, sales clerk, grocery store, and the cashier). The effect of the theater company’s initial expenditure is the direct economic impact. The subsequent rounds of spending are all of the indirect impacts. The total impact is the sum of the direct and indirect impacts.

Cool item: Each community requires more than 1 million calculations to measure total economic impact.

Nonprofit Arts & Culture A Growth Industry



The nonprofit arts and culture industry is one of growth. 24 percent: When adjusted for inflation, a healthy 11 percent increase.

Gross Domestic Product, by comparison, grew at a slightly faster rate of an inflation-adjusted 12.5 percent.

organizations (4 percent increase when adjusted for inflation) grew 18.6 percent

audiences (15 percent when adjusted for inflation) 28 percent

This study clearly demonstrates that nonprofit arts and culture organizations are businesses. They pay their employees, purchase supplies, contract for services, and acquire assets from within their communities. They are members of the Chamber of Commerce and are partners in the marketing and promotion of their cities and regions. Their audiences, unlike most industries, generate event-related spending for local merchants such as restaurants, retail stores, hotels, and parking garages.

How big is \$166.2 billion? Larger than the GDP of most of the world's countries.

Economic Impact of Nonprofit Arts & Culture Organizations



\$63.1 Billion Annual Expenditures

Full-Time Equivalent Jobs	2.6 million
Resident Household Income	\$ 57.3 billion
Local Government Revenue	\$ 2.8 billion
State Government Revenue	\$ 3.5 billion
Federal Income Tax Revenue	\$ 6.9 billion

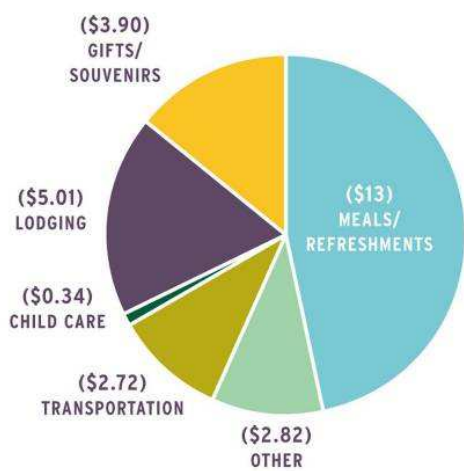
Nonprofit Arts organizations are responsible members of the business community. They are employers, producers, consumers, members of the chamber of commerce, and key participants in the marketing and promotion of their cities and regions.

Arts organizations pay their employees, purchase supplies, contract for services, and acquire assets within the local community. These actions, in turn, support local jobs, create household income, and generate revenue to the local, state, and federal governments.

Nonprofit Arts & Culture Attendees



Spend \$27.79 Per Person, Per Event

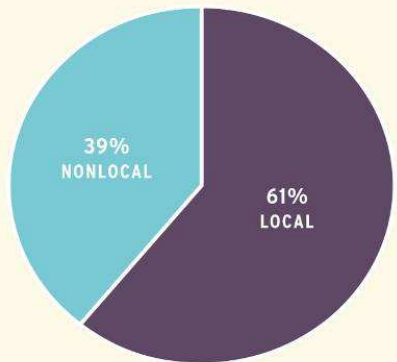


The nonprofit arts, unlike most industries, leverage significant amounts of event-related spending by their audiences. Attendance at arts events generates related commerce for local businesses such as hotels, restaurants, and retail stores. For example, when patrons attend a performing arts event, they may park their car in a toll garage, purchase dinner at a restaurant, eat dessert after the show, and return home and pay a babysitter.

Data collected from 94,478 arts event attendees at a range of arts events reveal an average spending of \$27.79 per person per event, not including the price of admission.

Nonprofit Arts & Culture Attendees

Local vs. Nonlocal



In addition to spending data, researchers asked each of the 94,478 survey respondents to provide their home zip codes. Analysis of these data enabled a comparison of event-related spending by local and nonlocal attendees. Previous economic and tourism research has shown that nonlocal attendees spend more than their local counterparts do. This study reflects those findings.

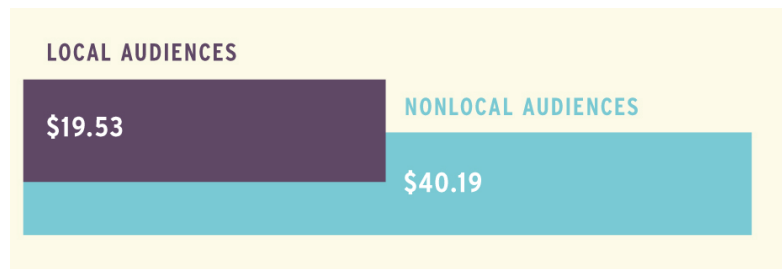
While the ratio of local to nonlocal attendees is different in every community, the national sample revealed that 39 percent of attendees traveled from outside of the county in which the event took place (nonlocal) and 61 percent were local (reside inside the county).

Arts and culture is a product that attracts visitors to a region.



Event-Related Spending

Local vs. Nonlocal Audiences



Local audiences, who live in the county in which the event occurred, spent an average of \$19.53 per person per event in addition to the cost of admission. Nonlocal attendees, those who live outside the county, spent twice that amount, or \$40.19 per person.

As would be expected from a traveler, significantly higher spending can be found in the categories of lodging, meals, retail, and transportation. These data demonstrate that when a community attracts cultural tourists, it stands to harness significant economic rewards.

As communities compete for the tourist's dollar, the arts have proven to be a magnet for travelers and their money. Local businesses are able to grow because travelers extend the length of their trips to attend cultural events.

Travel and tourism research shows that cultural travelers spend more (\$631 vs. \$457), travel longer (5.2 nights vs. 4.1 nights), and are more likely to spend at least \$1,000 (18% vs. 12%).



Nonprofit Arts & Culture Attendees \$103.1 Billion Annual Expenditures



The nonprofit arts, unlike most industries, leverage significant amounts of event-related spending by their audiences. Attendance at arts events generates related commerce for local businesses such as hotels, restaurants, and retail stores. For example, when patrons attend a performing arts event, they may park their car in a toll garage, purchase dinner at a restaurant, eat dessert after the show, and return home and pay a babysitter.

The arts enrich our life, but also inject cash to other businesses.

The arts are a business that spurs other business.



Economic Impact of Nonprofit Arts & Culture Industry

**\$166.2 Billion
Annual
Expenditures**

Full-Time Equivalent Jobs	5.7 million
Resident Household Income	\$ 104.2 billion
Local Government Revenue	\$ 7.9 billion
State Government Revenue	\$ 9.1 billion
Federal Income Tax Revenue ⁱ	\$ 12.6 billion

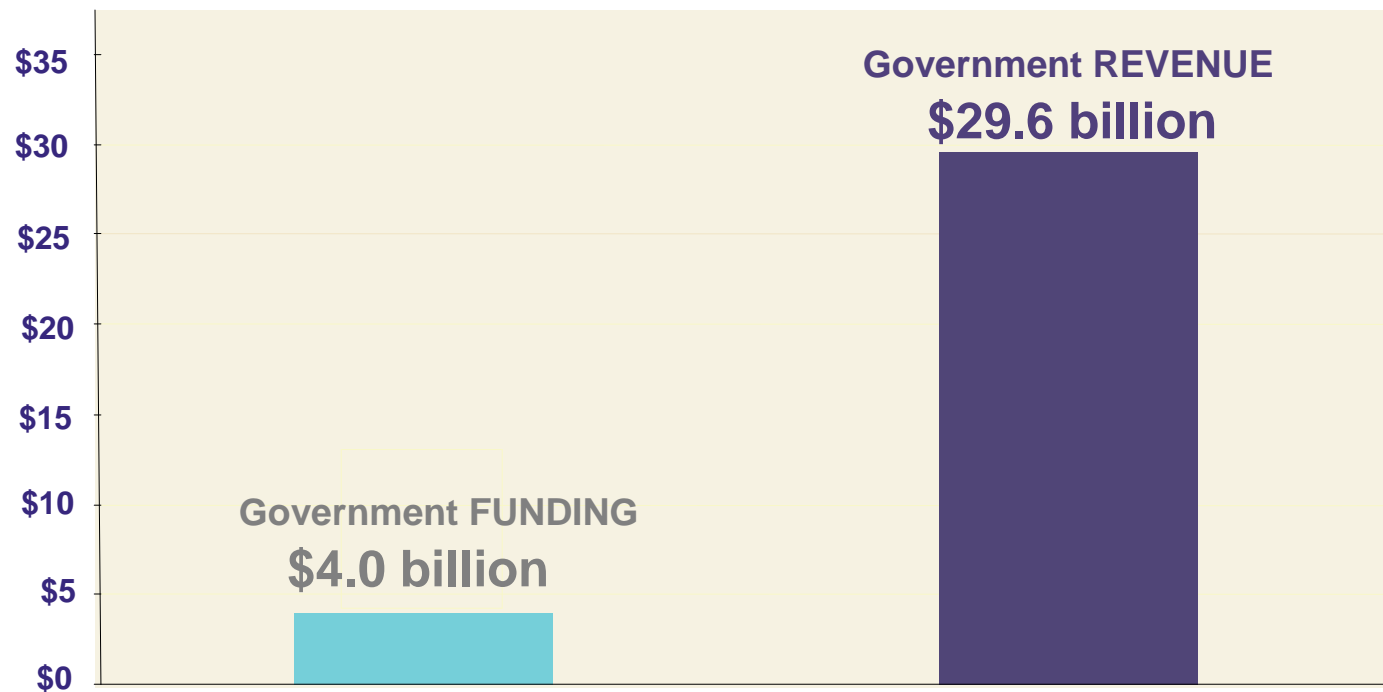
In this study, economic impact is defined as the employment (full-time equivalent jobs), resident household income (salary, wages, proprietary income), and government revenue (taxes, license fees, and all the ways governments collect revenue) generated by the dollars spent in the community by nonprofit arts organizations and their audiences.

This spending supports 5.7 million full-time jobs right here in the U.S.—an increase of 850,000 jobs since our 2002 study. What's more, because arts and culture organizations are strongly rooted in their community, these are jobs that necessarily remain local and cannot be shipped overseas.



Government and the Arts

7:1 Return on Investment



Arts & Economic Prosperity Calculator



Arts & Economic Prosperity Calculator

The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences

Information

STEP 1: POPULATION
 POPULATION of your community:

STEP 2: TOTAL EXPENSES (optional)
 Your Organization's TOTAL EXPENSES (please do not use commas): \$

STEP 3: TOTAL ATTENDANCE (optional)
 TOTAL ATTENDANCE to your organization's arts events (again, do not use commas):

Total Economic Impact Of:

	<u>Total Expenditures</u>	<u>FTE Jobs</u>	<u>Household Income</u>	<u>Local Government Revenue</u>	<u>State Government Revenue</u>
Nonprofit Arts and Culture Organizations:	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
Nonprofit Arts and Culture Audiences:	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
Total Industry Impact: (The Sum of Organizations and Audiences)	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>

Please see the [fine print](#) below.

Our National Partners



Arts & Economic Prosperity III



NATIONAL CONFERENCE
of STATE LEGISLATURES

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